GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:577
ANSWERED ON:20.02.2003
LIFTING OF BAN ON AGENTS
PAWAN KUMAR BANSAL

Will the Minister of DEFENCE be pleased to state:

(a) whether the Government have decided to lift the ban on agents in defence deals;

(b) if so, the reasons therefor;

(c) whether any guidelines have been framed or proposed to route the defence purchases through agents; and

(d) if so, the details thereof?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (d): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 577 20.2.2003

A comparative formulation of the role, if any, which Authorised Representatives/Agents/or Sales Consultants employed by Foreign suppliers for the promotion of their product, may legitimately be expected to play, had been receiving the attention of Government for some time. The entire policy has been extensively reviewed with the objective of defining the scope, extent and the condition within which such Authorised Representatives/Agents may be allowed to represent a foreign supplier or suppliers.

2. Based on this review and in order to bring greater transparency to the whole procurement process and realising that the presence of an Authorised Representative/Agentwould improve the delivery of services and follow up post contractual obligations, the Ministry o f D efence have on 2nd November 2 0 0 1 issued Supplementary Instructions on the appointmento f Indian Authorised Representatives/Agents of foreignsuppliers. The Authorised Representatives w o u l d m a k e available information of latest technologies, assist during trials & help in post contractual servicing.

3. The salient features of these instructions are:

(a) All foreign suppliers who wish t o appoint Indian Authorised Representatives/Agent would registerthem with the Ministry of Defence.

(b) The Authorised Representative/Agent could be an individual, a partnership, an association of persons, a limited company Private or Public.

(c) The agent must be an income tax payee.

(d) The foreign supplier appointing an agent must furnish copies detailing Agreement/terms of appointment.

(e) The obligations of an Authorised Representatives/agent will flow from the contract entered with the Ministry of Defence.

(f) The foreign supplier will have to declare the payments made to the Authorised Representative/Agent.

(g) Particulars relating to agency commission would be reported to the Enforcement Directorate of Central Board of Direct Taxes.

(h) The agent will be appointed with the approval of the Secretary of the Department.

(i) The agent will have no business contact except with authorised personnel.

(j) The Ministry of Defence, would have the right to terminate the appointment of Authorised Representative/Agent without any notice or assigning any reason.